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2020 EBRI Financial Wellbeing Employer Survey: COVID-19 Driving Benefit Offerings and Potentially Forcing Tough Budget Decisions

By Craig Copeland, Ph.D., Employee Benefit Research Institute

AT A GLANCE

The third annual Employee Benefit Research Institute (EBRI) Financial Wellbeing Employer Survey showed that financial wellbeing programs appeared to be maturing in that they are more likely to be holistic programs instead of pilot or ad hoc initiatives. In addition, the survey found that employers overwhelmingly have developed or are developing formal strategies to improve their employees' financial wellbeing.

At the same time, the uncertainty surrounding the COVID-19 pandemic may restrict what can be done with these programs as well as the programs being offered. With costs being reported as the top challenge in offering financial wellbeing programs, employers are likely to need to have these strategies well formulated to demonstrate that they not only help employees but benefit employers' bottom line. Other important results:

- In 2020, the proportion of employers that expressed at least some interest in implementing financial wellbeing benefits was essentially unchanged from 2018 and 2019. However, the proportion that said they are actively implementing such a program has increased.
- The top issues addressed through financial wellness initiatives were health care costs and retirement preparedness; the areas of focus of the initiatives were retirement planning and basic finance and budgeting.
- Personalized credit/debt counseling, coaching, or planning is one financial wellbeing benefit that saw an increase in prevalence in 2020. The benefits that declined in prevalence were employee discount programs/partnerships, tuition reimbursement, and bank-at-work partnerships.
- The employers that paused or discontinued financial wellbeing benefits in response to COVID-19 were in the minority.
- Employee engagement in specific financial wellness benefits already being offered increased most among those offering more immediate overall financial help such as emergency fund/employee hardship assistance, short-term loans through payroll deduction, payroll advance loans through the employer, and debt management services.
- Nearly two-thirds of the employers implemented some provision of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The most likely provision said to be implemented was allowing coronavirus-related distributions (CRDs) from their retirement plan.

As these programs mature and employers bear much of their cost, companies report interest in showing the impact of financial wellbeing programs on the bottom line through increased employee productivity. The programs have also evolved from a focus on retirement preparedness to a more complete picture across all aspects of an individual's finances. With the hope of reducing employees' financial stress and increasing productivity, companies are looking for a financial wellbeing score or metric to "prove" the impact of financial wellbeing programs. Financial wellness providers/vendors that can make this case will be the ones more successful in attracting clients. However, there are no clear measures that have been developed to measure productivity increases from financial wellbeing programs and other bottom-line issues. This will be an area of focus and research within the financial wellbeing arena.

Craig Copeland is a Senior Research Associate at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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Introduction

The third annual Employee Benefit Research Institute (EBRI) Financial Wellbeing Employer Survey showed that financial wellbeing programs appeared to be maturing in that they are more likely to be holistic programs instead of pilot programs or ad hoc initiatives. Furthermore, employers overwhelmingly have developed or are developing strategies for the improvement of their employees' financial wellbeing. However, the uncertainty surrounding the COVID-19 pandemic may restrict what can be done with these programs as well as the programs being offered. With costs being reported as the top challenge in offering financial wellbeing programs, employers are likely to need to have these strategies well formulated to show the necessity for and helpfulness to the employers' bottom line along with the benefit to employees.

This survey provides these important results on the insights into the financial wellbeing program offerings. In addition, it provides thoughts around their provision, including the reasons for providing them, the focus of the programs, and the challenges in offering them. Furthermore, the impact of COVID-19 on the offerings, both what might be offered and might what be delayed or stopped offering, is examined. A report card of those financial wellbeing benefits is shown, describing what benefits are more or less likely to be offered given the current environment.

Methodology

The 2020 EBRI Financial Wellbeing Survey was collected through a 15-minute online survey of 250 full-time benefits decision-makers conducted in June and July 2020. All respondents worked full time at companies with at least 500 employees that were *at least interested in offering* financial wellness programs.

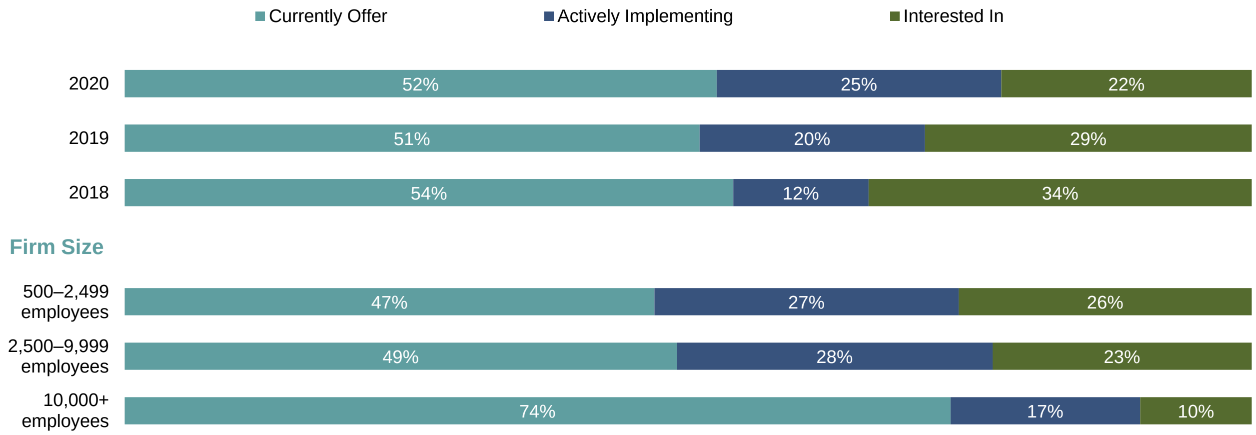
Respondents were required to have at least moderate influence on their company's employee benefits program and selection of financial wellness offerings. Additionally, respondents were required to hold an executive, officer, or manager position in the areas of human resources, compensation, or finance.

The Current State of Financial Wellbeing Programs

Just over half (52 percent) of the employers that were at least interested in implementing financial wellbeing benefits were currently offering a program in 2020 (Figure 1). This is essentially unchanged from 2018 and 2019. However, increasingly, employers that do not currently offer financial wellness initiatives say they are actively implementing such a program as opposed to just being interested in offering such a program. The percentage actively implementing increased from 12 percent in 2018 to 25 percent in 2020; the percentage just interested fell from 34 percent to 22 percent. Unsurprisingly, the largest firms (10,000 or more employees) were more likely to be currently offering a program than the small employers (74 percent compared with 49 percent for employers with 2,500–9,999 employees and 47 percent for employers with 500–2,499 employees), but there was not a significant difference in the proportion currently offering when it came to the two smaller employer sizes.

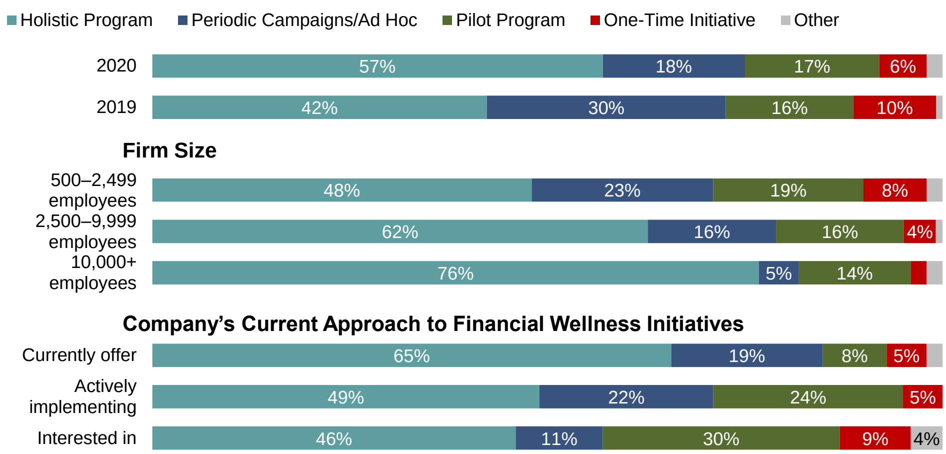
Move to Holistic Programs — A significant change that indicated a maturation in the approach employers are taking in offering financial wellbeing programs is the increased likelihood that the programs were considered holistic (57 percent of the employers in 2020 compared with 42 percent in 2019). This was true regardless of whether the program was currently being offered, it was being actively implemented, or the employer was just interested in offering it (Figure 2). The largest employers were most likely to have a holistic initiative, as were those currently offering benefits.

Figure 1
Current Approach in Offering Financial Wellness Initiatives



Q5. Which statement most accurately reflects your company's current approach in offering financial wellness initiatives to employees? (2018 Study, n=250; 2019 Study, n=248; 2020 Study, n=250)

Figure 2
Primary Approach in Offering Financial Wellness



Compared with the 2019 study, more companies were offering holistic programs while fewer defined their initiative as periodic.

- This increase in holistic approach was seen across all stages, from those offering initiatives to those just interested.
- Firms with 2,500 or more employees saw an increase in those defining their programs as holistic.

In the 2020 study, those more likely to be offering holistic programs included firms:

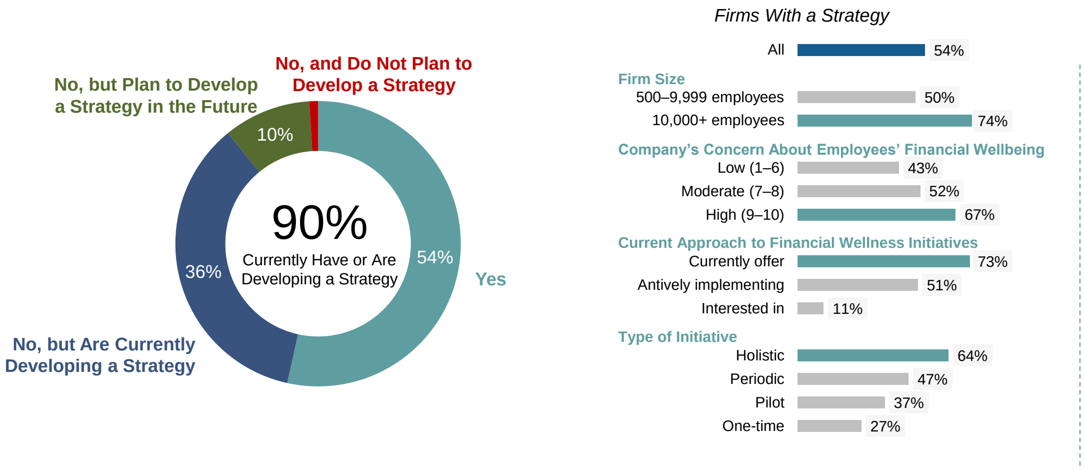
- With 10,000+ employees.
- Currently offering initiatives.
- Offering more than two financial wellness benefits.
- With a strategy for improving their employees' financial wellness.
- That have examined existing employee benefit/retirement plan data.

Q8. How do you or might you offer your financial wellness initiatives? Please select your primary approach. (2018 Study, n=250; 2019 Study, n=248; 2020 Study, n=250)

Many Have Formal Strategies — Another sign of the maturation of financial wellbeing programs is that 54 percent of the employers with an interest in financial wellness initiatives said they have a strategy to improve their employees' financial wellness and another 36 percent were currently developing one, totaling 90 percent of the employers surveyed (Figure 3). Another 10 percent planned to develop a strategy. As such, a formal plan seems to the standard for the improvement of employees' financial wellbeing. The firms most likely to currently have a strategy were the largest firms, those currently offering financial wellness benefits, those with a holistic program, and those with the highest level of concern about employees' financial wellbeing.

Of those who have developed or are developing a strategy, 88 percent stated they had some outside help with development of the strategy (Figure 4). The types of companies providing the help were fairly evenly distributed among the three main types of financial wellbeing program providers — 56 percent cited benefit consultants, 47 percent said financial wellness vendors, and 43 percent said retirement plan providers. Sixty percent of the companies said that they were directly involved in the improvement strategy.

Figure 3
Strategy for Improving Employees' Financial Wellness



Q9. Does your company have a strategy for improving your employees' financial wellness? (n=250)

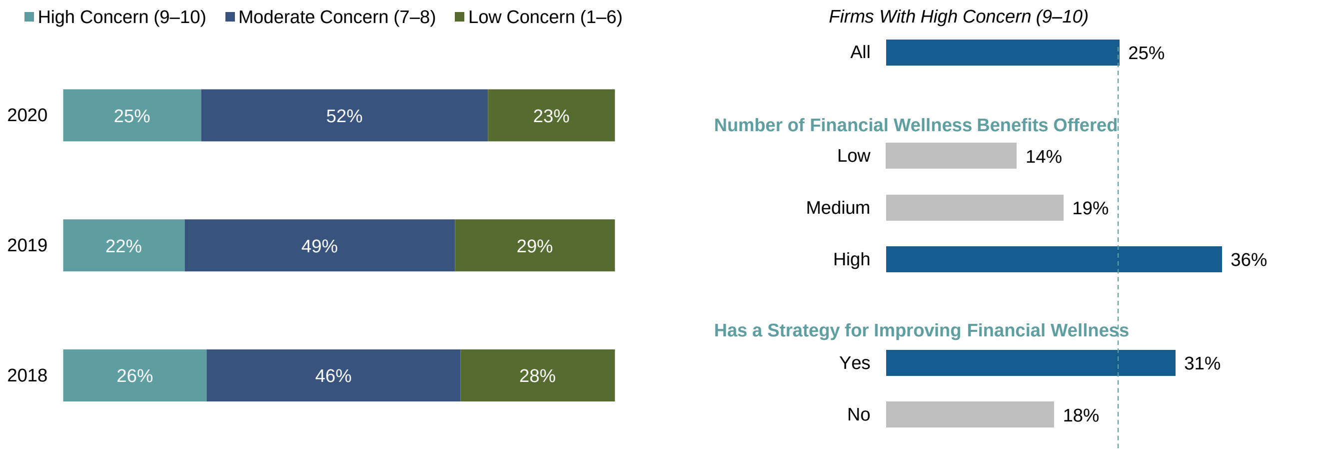
Figure 4
Helped Design Financial Wellness Strategy
Among Those With a Strategy or Developing One

Q10. Who helped design and develop your organization's financial wellness strategy? Please select all that apply. (Have or are developing a strategy, n=224)

Concern Remains the Same — While financial wellness programs show signs of maturing, this does not appear to be due to an increase in companies' level of concern about their employees' financial wellbeing (Figure 5). However, that may be because their concern was relatively high to start. On a 10-point scale (10 being the highest), 25 percent of employers rated their concern at 9 or 10 (high) in 2020, on par with the prior two years. Another 52 percent rated their concern a 7 or 8 (labeled moderate) — not that different from the 49 percent in 2019 and 46 percent in 2018. There was a slight decline in the lowest level of concern (6 or less) from 29 percent in 2019 to 23 percent in 2020. Thus, approximately three-quarters of employers had relatively high concern for their employees' financial wellbeing — a 7 or higher. Those companies with a financial wellbeing strategy and offering more benefits were more likely to have the highest concern.[1]

Top Issues — Companies' top issues to address with their financial wellness initiatives were health care costs and retirement preparedness — each cited by 40 percent of the companies (Figure 6). The next four issues listed deal with financial-related items, including financial-related stress. While health care was tied as a top issue to be addressed by the financial wellbeing programs, the top areas of focus were topped by two financial-related initiatives — retirement planning and basic finance or budgeting. Health/medical was only the third-highest-rated area of focus. Thus, despite equal rankings for the issues to address, specific financial tasks are where companies are currently focused.

Figure 5
Company's Level of Concern Around Employees' Financial Wellbeing



Q24. Please rate your company's level of concern about employees' financial well-being. (2018 Study, n=250; 2019 Study, n=248; 2020 Study, n=250)

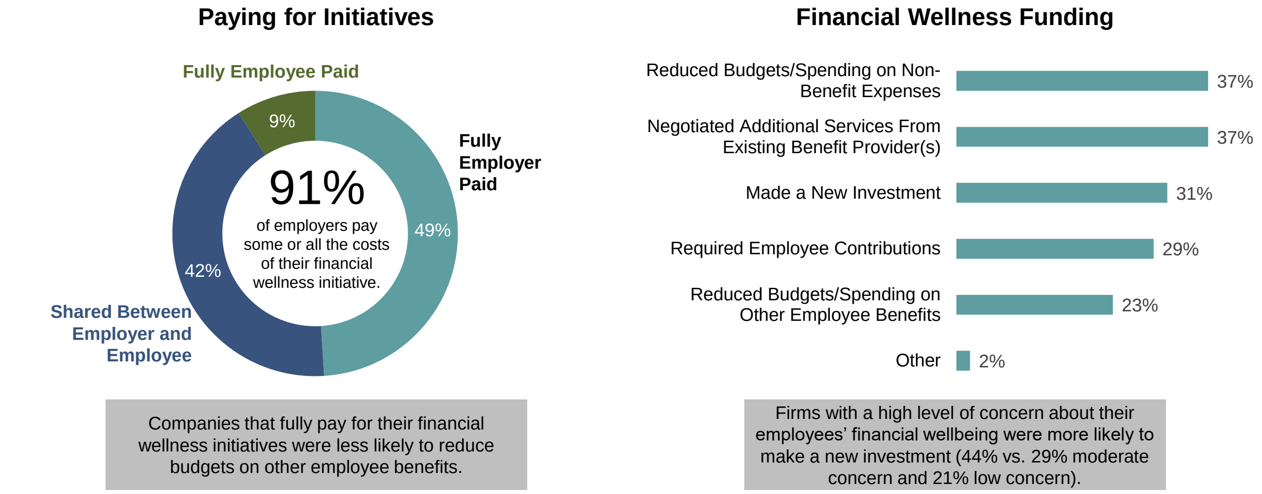
Figure 6
Issues to Address and Areas of Focus in Financial Wellness Initiatives

Q25. What are the top three issues faced by your employees that your financial wellness initiatives are designed to address? Please select your top three reasons. (n=250)
Q7. What programs or topic areas are your company's primary focus in their (current/anticipated) financial wellness initiatives? *Open-end question, multiple responses accepted.* (n=250)

Employers Pay Costs — A growing concern that will be discussed more in a later section is the cost of providing financial wellness benefits. This section will focus on who currently pays for the benefits and what the sources are for funding the benefits. Nearly one-half (49 percent) of employers said that they fully pay for financial wellness benefits and another 42 percent shared the costs with employees (Figure 7). Only 9 percent said the benefits were fully paid for by employees.

Funding for these benefits came from many different sources and methods. The two most cited sources were reduced budgets/spending on non-benefit expenses and negotiated additional services from benefit provider(s), at 37 percent each. A new investment was listed by 31 percent of the employers, and required employee contributions were at 29 percent. Twenty-three percent of employers said they reduced spending on other benefits. The firms with the highest level of concern for their employees' financial wellbeing were the most likely to have made a new investment for these programs (44 percent vs. 29 percent with moderate concern and 21 percent with low concern).

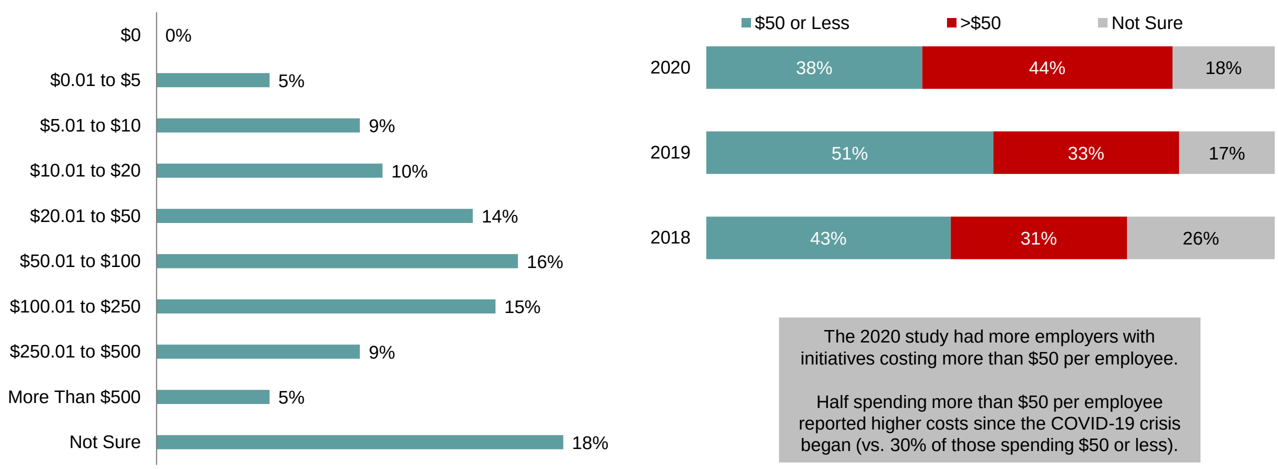
Figure 7
Paying for Initiatives and Financial Wellness Funding



Q31. Who pays or might pay for your financial wellness initiatives? (n=250)
Q33. How is your company/does your company plan on funding its financial wellness initiatives? Please select all that apply. (n=250)

Costs Vary Significantly — Costs per employee being paid for these initiatives appeared to vary significantly from firm to firm, with most having said they spend between $20 and $250 per employee (Figure 8). However, nearly one-fifth (18 percent) were unsure how much their company spends on the benefits. Companies do appear to be spending more on financial wellness initiatives than in prior years: In 2020, 44 percent of companies said they spent more than $50 per employee annually, compared with 33 percent in 2019.

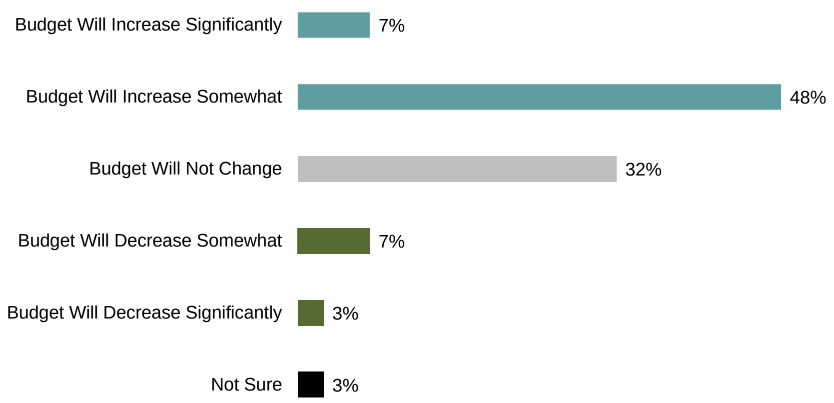
Figure 8
Annual Cost per Employee
Among Those Who Currently Offer Financial Wellness Initiatives



Q32. On average, what is the annual cost per employee for financial wellness initiatives? (Currently offer financial wellness initiatives. 2018 Study, n=134; 2019 Study, n=126; 2020 Study, n=131)

Increasing Budgets — With costs increasing in 2020, it is not surprising that nearly half (48 percent) anticipated that their budgets for financial wellness will increase somewhat in the next one to two years, and 7 percent anticipated the budgets to increase significantly (Figure 9). Another 32 percent did not anticipate their budgets to change, and only 10 percent expected their budgets to decrease. Those that were more likely to anticipate significant increases in their budgets were companies with 500–2,499 employees — or those more likely to be in the implementation stage.

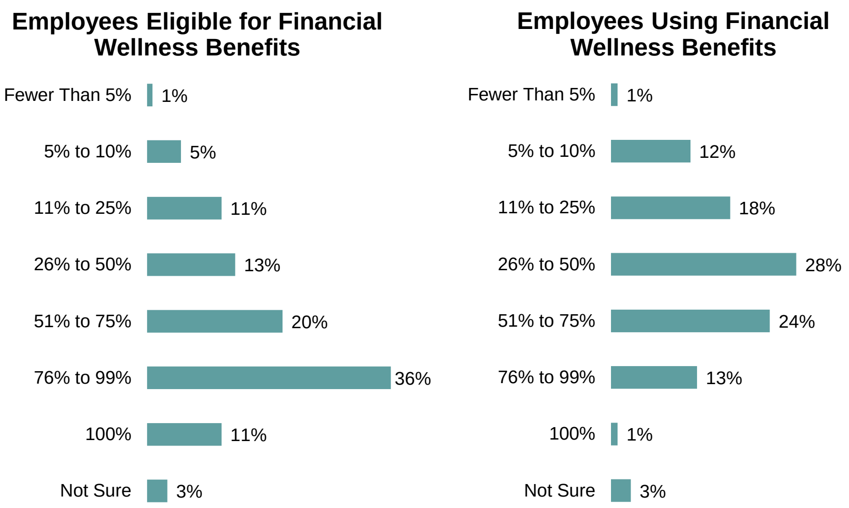
Figure 9
Anticipation of Organization's Financial Wellness Budget in Next One to Two Years
Among Those Who Currently Offer or Are Actively Implementing Financial Wellness Initiatives



Q36. Overall, how do you anticipate your organization's budget for financial wellness initiatives will change in the next one to two years? (Currently offer or actively implement financial wellness initiatives n=194)

Eligibility and Utilization— Nearly half (47 percent) of companies said that more than three-quarters of their employees are eligible for the financial wellness benefits they offer (Figure 10). However, the estimated percentage of the employees using or expected to use the financial wellbeing benefits appeared to be much lower: 52 percent of companies said that employee utilization is in the 26 percent to 75 percent range. Firms with 10,000 or more employees were the most likely to have high employee use of the financial wellness benefits.

Figure 10
Financial Wellness Eligibility and Usage



While firms that are currently offering or actively implementing financial wellness initiatives were slightly more likely to say all their employees are eligible, there is little difference in the percentage of eligibility based on current approach. There are no differences in the percentage of employees making use by current approach.

Employers who held focus groups or examined existing employee data to understand their employees' financial wellness needs were more likely to say all their employees are eligible.

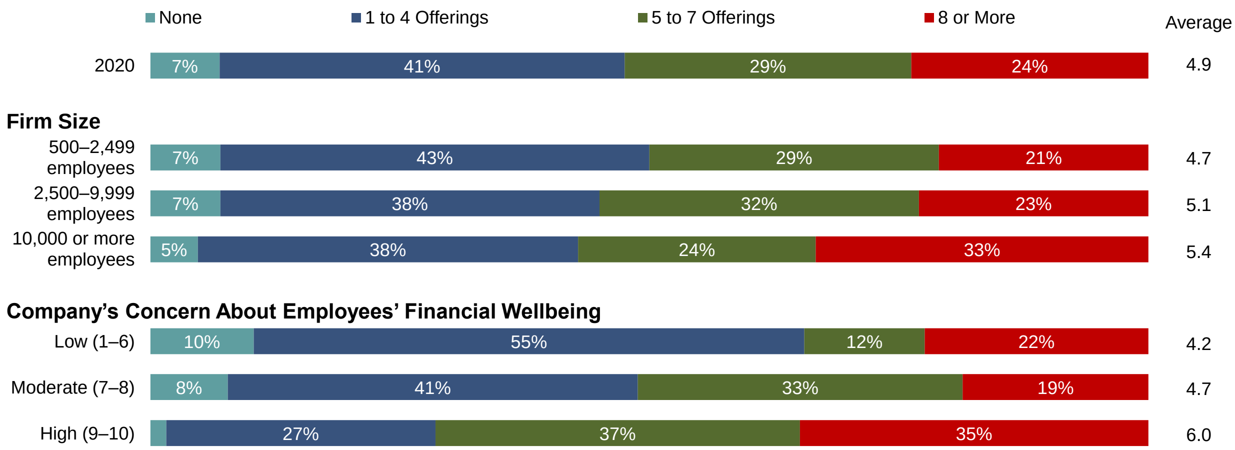
29% of firms with 10,000+ employees said more than 75% of their employees make use of the financial wellness benefits (vs. 12% of firms with less than 10,000 employees).

Q37. Approximately what percentage of employees in your company do you estimate are eligible for financial wellness benefits? (n=250)
Q38. Approximately what percentage of eligible employees in your company do you estimate have made use/would likely make use of the financial wellness benefits? (n=250)

Overview of Financial Wellness Benefits Being Offered

The survey asked whether the companies currently offered any of 14 specific financial wellness benefits. On average, the companies reported currently offering 4.9 benefits, with 24 percent offering 8 or more (Figure 11). The average number of benefits offered increased with the firm size — 4.7 for employers with 500–2,499 employees, going up to 5.4 for employers with 10,000 or more employees. The number of benefits offered also increased with the reported level of concern the employers expressed about their employees' financial wellbeing. Among those in the low-concern category, the average number of financial wellbeing benefits was 4.2 benefits, compared with 6.0 benefits, on average, for those in the high-concern category.

Figure 11
Number of Financial Wellbeing Benefits Currently Offered

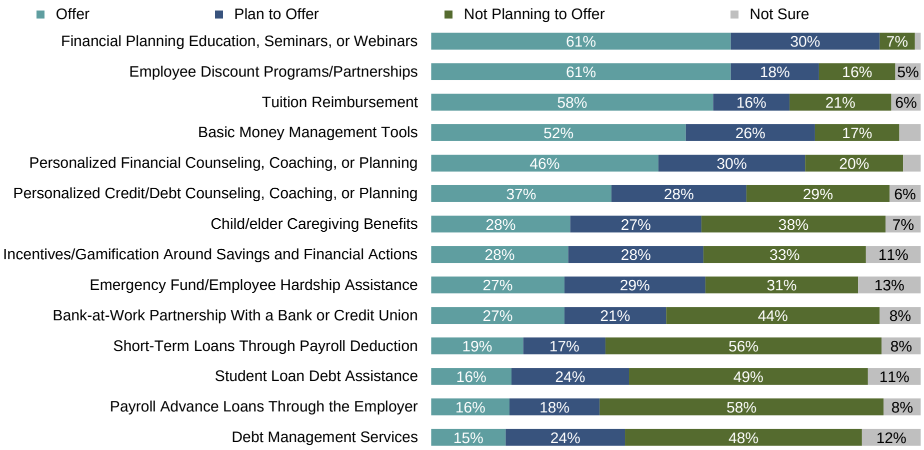


Q17. Does your company offer or plan to offer any of the following financial wellbeing or debt assistance benefits to employees? (n=250)
Q19. Which of the following does your company offer to help employees with personal financial challenges? (n=250)

The share of employers currently offering a specific financial wellbeing benefit ranged from 15 percent (debt management services) to 61 percent (financial planning education, seminars, and webinars and employee discount programs/partnerships) (Figure 12). The other most common financial wellbeing benefits currently offered were also more traditional in nature: tuition reimbursement (58 percent); basic money management tools (52 percent); and personalized financial counseling, coaching, or planning (46 percent). In contrast, newer, more targeted financial wellbeing initiatives were not as common: Payroll advance loans through employer (16 percent), student loan debt assistance (16 percent), and short-term loans through payroll deduction (19 percent) were among those the least likely to be currently offered.

Interestingly, some of the benefits that were most commonly offered currently also ranked highest among those that companies planned to offer: financial planning education, seminars, or webinars (30 percent planned to offer) and personalized financial counseling, coaching, or planning (30 percent). At the same time, a relatively high proportion also planned to offer student loan debt assistance and debt management services (24 percent of the companies) — even though this would more than double the proportion offering these initiatives. Emergency fund/employee hardship assistance (29 percent) and personalized credit/debt counseling, coaching, or planning (28 percent) were two of the initiatives that employers cited most often as ones they planned to offer. Child/elder caregiving benefits ranked in the middle when it came to initiatives that companies offered or planned to offer. However, 38 percent of companies said they were not planning to offer these benefits.

Figure 12
Financial Wellbeing Benefits Offered

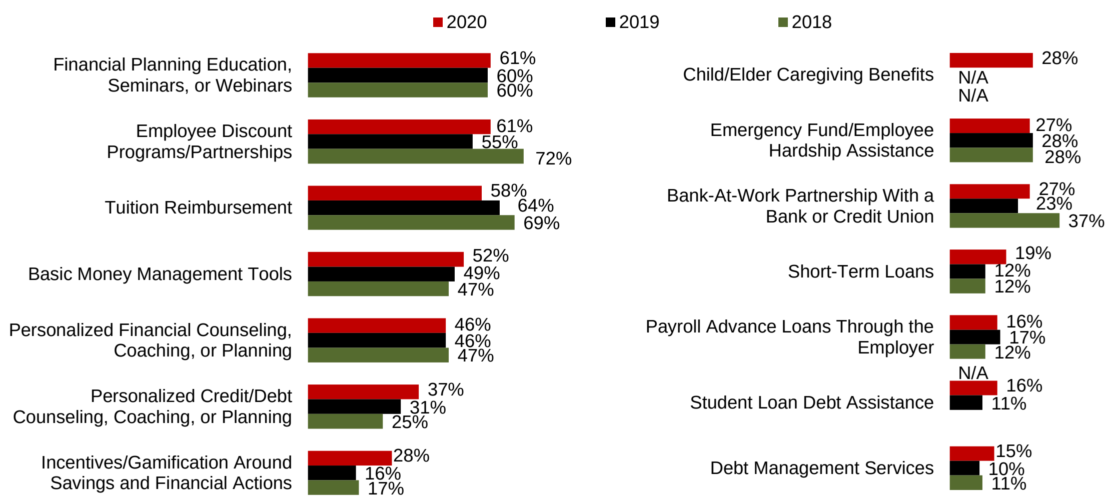


- Employers with high concern were more likely to offer employee discount programs, financial planning education, money management tools, and personalized credit/debt management counseling.
- Those that have a strategy, created a score, conducted a needs assessment, or held employee focus groups were more likely to offer almost every benefit.

Q17. Does your company offer or plan to offer any of the following financial wellbeing or debt assistance benefits to employees? (n=250)
Q19. Which of the following does your company offer to help employees with personal financial challenges? (n=250)

Looking at trend data, there were only a few benefits that showed any real change in the proportion of employers currently offering them between 2018 and 2020 (Figure 13). These included personalized credit/debt counseling, coaching, or planning, which increased from being offered by 25 percent of the employers in 2018 to 37 percent in 2020. The proportion offering incentives/gamification around savings and financial actions also increased, from 17 percent to 28 percent. The benefits that declined in prevalence were employee discount programs/partnerships, tuition reimbursement, and bank-at-work partnerships. Student loan debt assistance and short-term loans also showed an upward movement in 2020, but another year is needed to solidify the upward trend.

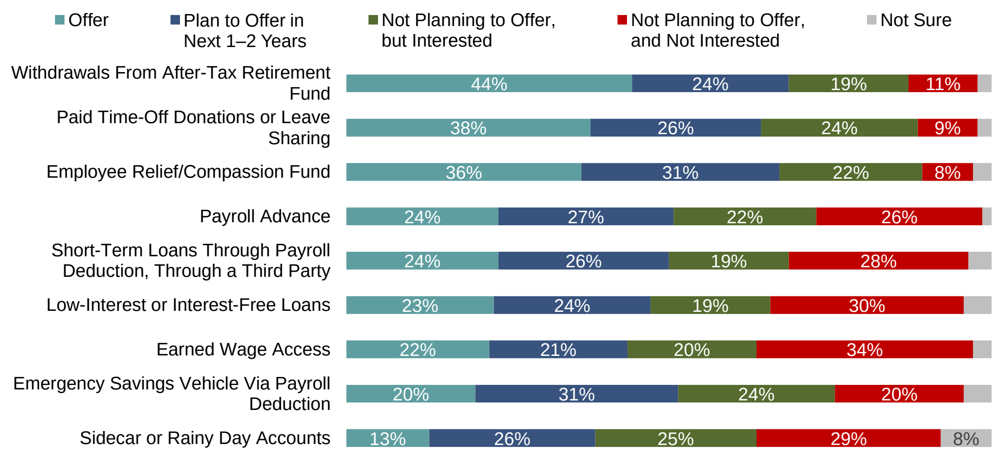
Figure 13
Voluntary Benefits Offered



Q17. Does your company offer or plan to offer any of the following financial wellbeing or debt assistance benefits to employees? (2018 Study, n=250; 2019 Study, n=248; 2020 Study, n=250)
Q19. Which of the following does your company offer to help employees with personal financial challenges? (2018 Study, n=250; 2019 Study, n=248; 2020 Study, n=250)

Types of Emergency Funds Being Offered — More detail was asked about emergency fund/employee hardship assistance programs. The most common emergency fund program offered was withdrawals from after-tax retirement funds (44 percent), while paid-time-off donations or leave sharing (38 percent) was the second most likely currently offered feature (Figure 14). The least likely emergency fund or employee hardship assistance programs offered were the relatively new sidecar or rainy day accounts (13 percent) and emergency savings vehicle via payroll deduction (20 percent). In other words, emergency savings vehicles most commonly come in the form of already-available money/funds. However, emergency savings vehicle via payroll deduction was the emergency savings vehicle that employers were most likely to plan to offer in the next one to two years (31 percent). A similar proportion planned to offer employee relief/compassion funds in the next one to two years. Employers were least likely to express an interest in offering earned wage access (34 percent) and low-interest or interest-free loans (30 percent).

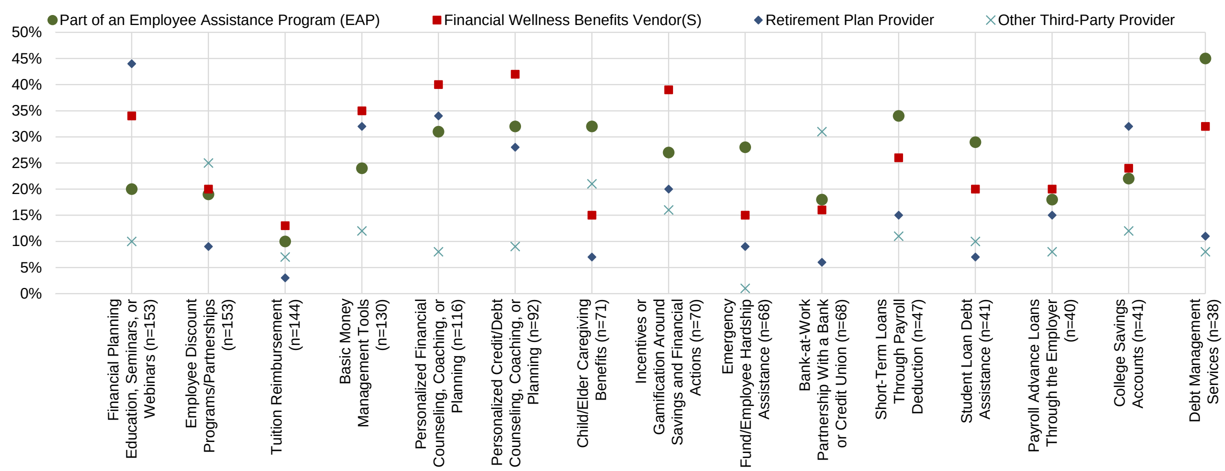
Figure 14
Emergency Fund or Employee Hardship Assistance Programs
Among Those Offering or Planning to Offer Emergency Fund or Employee Hardship Assistance Programs



- 27% of all firms offered an emergency fund or employee hardship assistance program.
  - 29% planned to offer this benefit.
- Among those who already offered an emergency fund, they offered an average of 3.5 emergency benefits in this category. They were also planning on or interested in offering an additional 3.1 emergency fund offerings on average.

Q18. Which of the following are or will be offered in your company's emergency fund or employee hardship assistance program? (Offers or plans to offer emergency fund or employee hardship program. n=140)

Figure 15
Outside Providers of Benefits Offered*
Among those offering each benefit



*Excludes "the company itself," "nonprofit or government agency partner," and "other"
Q20. Who is the provider of the following benefits? For each benefit, please select all that apply.

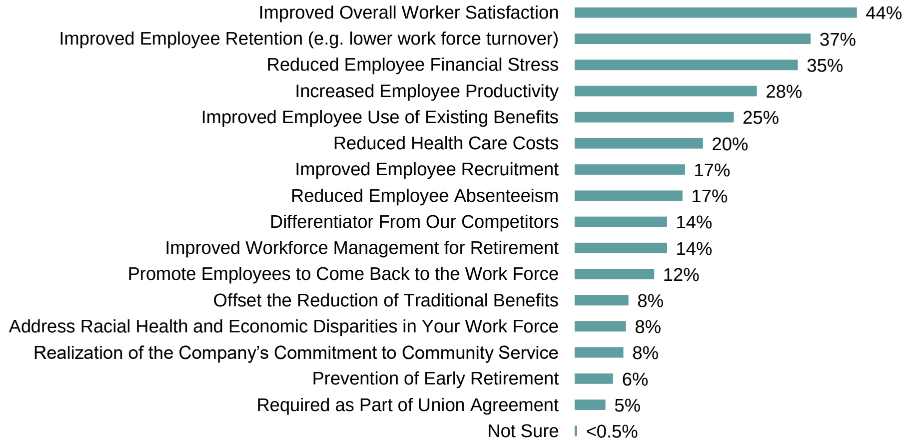
Entities Providing the Initiatives — As was true when it came to developing a strategy to improve the financial wellness of their employees, employers used a variety of entities to provide financial wellbeing initiatives to employees (Figure 15). Retirement plan providers were most likely to be the ones providing financial planning education, seminars, or webinars and college savings accounts. Financial wellness vendors were most likely to be the entities providing basic money management tools, personalized financial counseling or credit/debt counseling, and incentives for savings programs. Short-term loans, student loan debt assistance, and debt management were most likely to be part of an employee assistance program (EAP), while the other third-party providers were most likely involved in bank-at-work partnerships. Thus, it appears that the financial wellness vendors are the more likely source for personalized help/coaching, and retirement plan providers are the more likely source for more general financial education.

Motivations and Measurement of Financial Wellness Initiatives

As noted previously, employers' top issues to address through financial wellness initiatives were healthcare costs and retirement preparedness, and their key areas of focus for the initiatives were retirement planning and basic finance and budgeting. When asked their reasons for offering the initiatives, employers most commonly cited improved overall worker satisfaction at 44 percent (Figure 16). Following closely behind were improved worker retention (37 percent) and reduced employee stress (35 percent). Increased productivity (28 percent) was the fourth most highly cited and reducing health care costs (20 percent) was the sixth.

There were some interesting industry differences in the reasons for offering the financial wellness initiatives. In particular, employers in the health care industry were more likely to list reduced health care costs as a top reason, while those in manufacturing cited reduced absenteeism, and those in finance said improved work force management for retirement.

Figure 16
Top Reasons for Offering Financial Wellness Initiatives



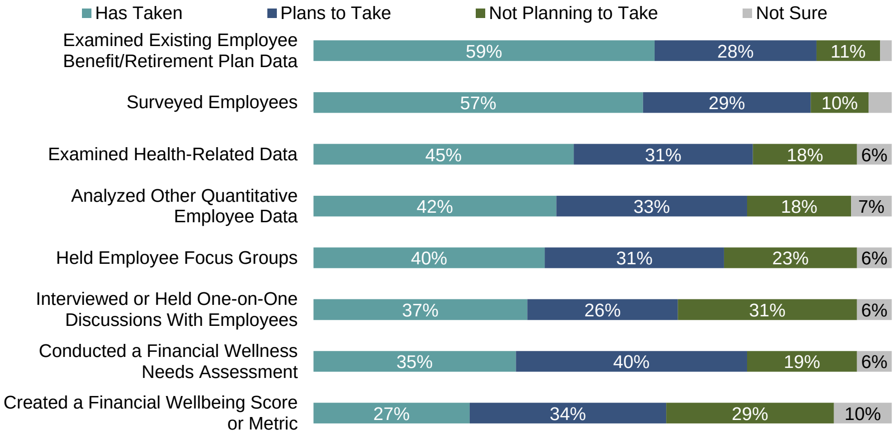
Q28. What are or would be your top three reasons for offering financial wellness initiatives to employees? Please select your top three reasons. (n=250)

Understanding Employees' Needs — The survey also asked employers about the steps they took to understand their employees' financial wellness needs. In total, 88 percent of the employers had taken at least one step to understand their employees' needs and, on average, 3.4 steps were taken. Most (three-quarters) examined existing employee benefit data, with 59 percent having said they examined existing employee benefit/retirement plan data and 45 percent having cited examining health-related data (Figure 17). The second-highest-listed step was directly surveying employees at 57 percent. Developing new measures such as conducting financial wellness needs assessments (35 percent) and creating a financial wellbeing score or metric (27 percent) were the least cited steps. However, 40 percent said that they plan to conduct a financial wellness needs assessment. Thirty-four percent of the companies also planned to create a financial wellbeing score or metric.

Measuring Success — As for the top factors in measuring financial wellness initiatives' success, increased employee productivity (36 percent) was the most highly cited factor (Figure 18). Worker satisfaction with the initiative(s) and overall worker satisfaction were next at 30 percent each. Interestingly, this is not entirely consistent with the reasons given for offering financial wellness initiatives. For reasons given, improved overall worker satisfaction ranked number one, while increased employee productivity ranked fourth.

Further, the proportion of employers citing increased employee productivity as the top measure of success was up significantly from 2019, when only 18 percent of the companies cited it. The success factor with the largest decline in prevalence between 2019 and 2020 was improved use of retirement plans — declining from 31 percent in 2019 to 22 percent in 2020. This increased focus on productivity, along with the significant proportion of employers expressing the goal of conducting financial needs assessments and creating a financial wellbeing score, shows that these programs' sophistication is evolving to be focused on a more bottom-line impact.

Figure 17
Steps Taken to Understand Employees' Financial Wellness Needs

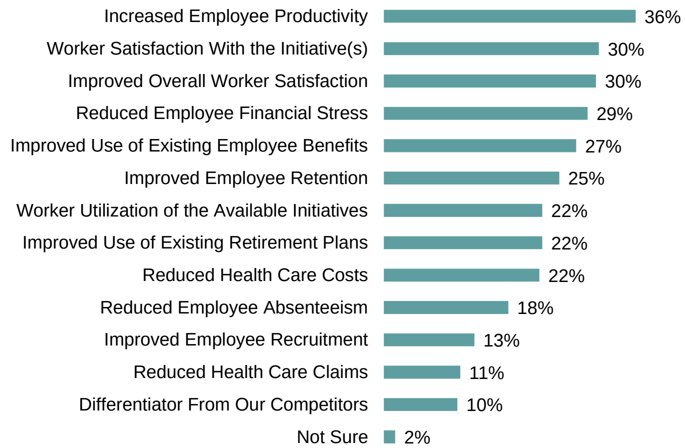


Q26. What steps has your company taken or does it plan to take to understand your employees' financial wellness needs? (n=250)

In total, 88% have taken at least one step to understand their employees' financial wellness needs. And on average, firms have taken 3.4 steps to understand their employees' needs.

- Three-quarters of firms have examined some type of existing employee data.
- 56% have used qualitative methods — either through interviews or focus groups with their employees.

Figure 18
Top Factors in Measuring Financial Wellness Initiatives' Success



Firms with 10,000 or more employees were more likely to measure based on improved use of existing benefits and retirement plans. These firms were also more likely to cite improved use as reasons for offering financial wellness initiatives in the first place.

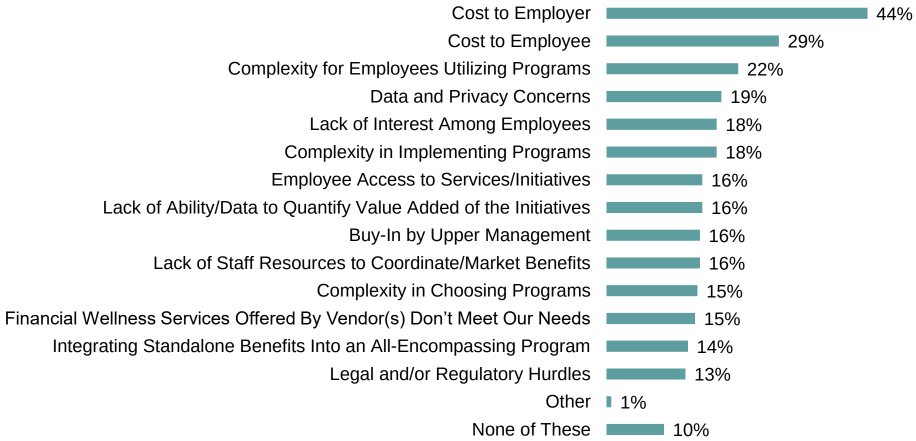
Compared with the 2019 study:
- Increased employee productivity was more likely to be a measure of success (36% vs. 18%)
- In 2020, only 22% of firms were measuring success based on improved use of existing retirement plans (vs. 31%)

Q30. What are the top three factors that are or will be important in the measurement of your financial wellness initiatives? Please select your top three. (n=250)

The shift of success measures focusing more on increased productivity may derive from the fact that costs to the employer (44 percent) and costs to the employee (29 percent) were the most cited challenges in offering financial wellness benefits (Figure 19). The highest-ranking challenge *not* related to costs was the complexity for employees utilizing the programs (22 percent), which is consistent with the prior-year survey.[2]

Figure 19

Top Challenges in Offering Financial Wellness Benefits



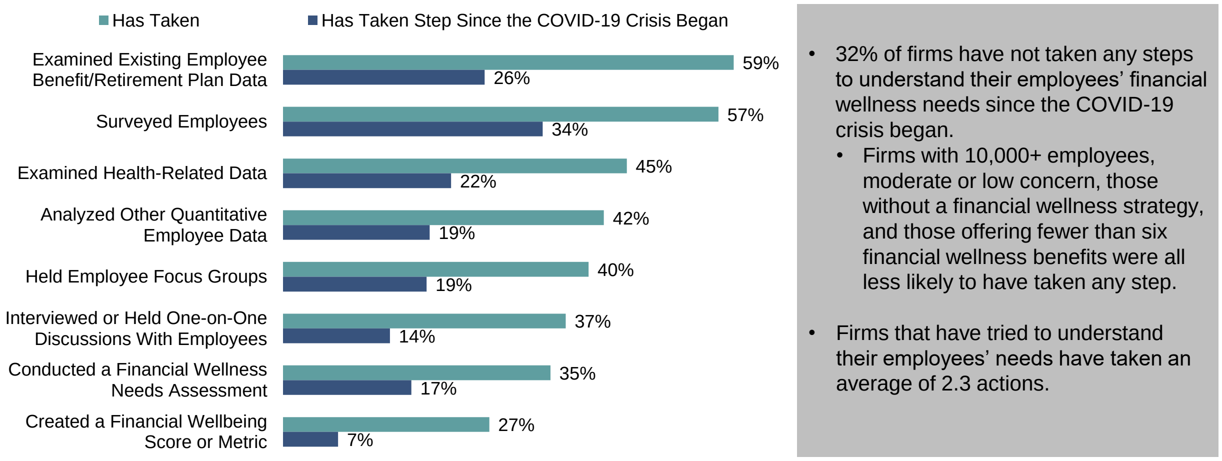
Q29. What are the top three challenges your company faces or anticipates facing in offering financial wellness benefits in the workplace? Please select your top three. (n=250)

Impact of COVID-19 on Financial Wellness Programs

Given the significant impact that the COVID-19 pandemic was having on the economy, one of the goals of the 2020 EBRI Financial Wellbeing Employer Survey was to assess its impact on financial wellness benefit offerings. Since the COVID-19 crisis began, two-thirds of these employers have taken steps to understand their employees' financial wellness needs (Figure 20). In particular, 34 percent have surveyed their employees and 26 percent have examined existing employee/retirement benefit data since the crisis started. Of those that took steps to understand their employees' financial wellness needs, the average number of actions taken was 2.3. Overall, the steps more likely to have been taken were essentially the same as those taken generally to understand employees' financial wellness needs.

Figure 20

Steps Taken to Understand Employees' Financial Wellness Needs



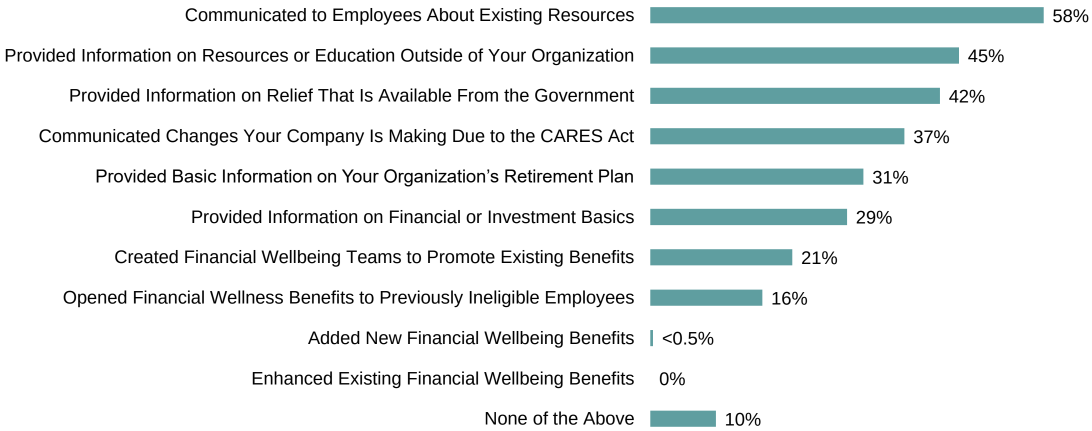
Q26 What steps has your company taken or does it plan to take to understand your employees' financial wellness needs? (n=250)
Q27. What steps has your company taken to understand your employees' financial wellness needs since the COVID-19 crisis began? (Taken any steps, n=219; Responses rebased to reflect total)

Specific Actions Taken — Along with understanding what their employees' needs are, most employers took specific actions in response to the pandemic. In fact, 90 percent of employers took some action. However, while 96 percent of employers that took steps to understand their employees' financial wellness needs took action, only 77 percent of those that did *not* take steps to understand their employees' needs took action.

The most common action taken was communication to employees of existing resources (58 percent) (Figure 21). The other most common actions involved providing employees with information about what outside or governmental resources are available, or what has been made available by the company under the Coronavirus Aid, Relief, and

Economic Security (CARES) Act. Fewer employers created financial wellbeing teams to promote existing benefits (21 percent) or opened financial wellbeing benefits to those previously ineligible (16 percent). Virtually none of the employers said they added new financial wellbeing benefits as an action taken in response to COVID-19.

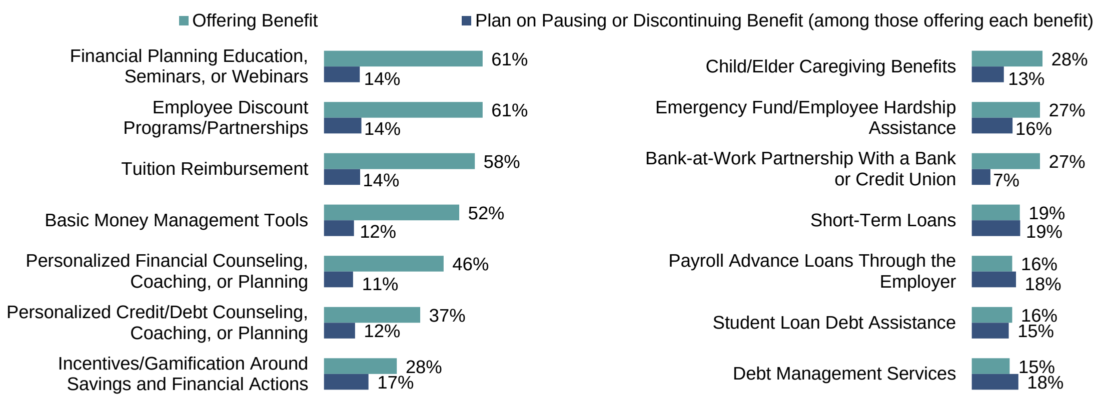
Figure 21
Actions Taken in Response to COVID-19



Q40. Have you done any of the following in response to the COVID-19 crisis? Please select all that apply. (n=250)

Few Pausing Their Programs — At the same time, the percentage of employers that paused or discontinued financial wellbeing benefits in response to COVID-19 were in the minority, as 73 percent said they did/will do neither (Figure 22). The share of employers offering any particular benefit saying they would pause or discontinue it was in the 10 percent to 20 percent range. In particular, on the higher end, 19 percent of the employers that offered short-term loans said they would stop them, while, on the lower end, 11 percent of those offering personalized financial counseling, coaching, and planning said they would pause/discontinue the benefit.

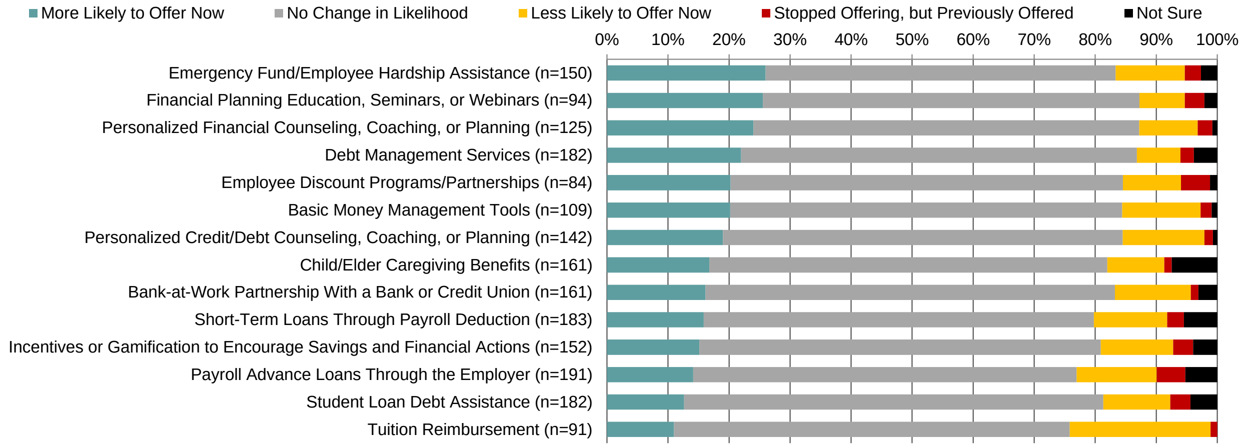
Figure 22
Benefits Paused or Discontinued Due to COVID-19



Q21. Do you plan on pausing or discontinuing any of the following benefits to employees due to the COVID-19 crisis? Please select all that apply.

The impact of COVID-19 on the likelihood of offering specific benefits among those not offering them reveals where these employers are likely to focus their benefit offerings in the near future (Figure 23). Benefits that are now more likely to be offered are those that would immediately help workers improve their financial situation — emergency fund/employee hardship assistance (26 percent more likely to offer); financial planning education, seminars, and webinars (26 percent); personalized financial counseling, coaching, or planning (24 percent); and debt management services (22 percent). Those that the fewest employers said they are now more likely to offer are student loan debt assistance (13 percent) and tuition reimbursement (11 percent). In fact, tuition reimbursement had the greatest proportion of employers stating they were now less likely to offer this benefit (23 percent).

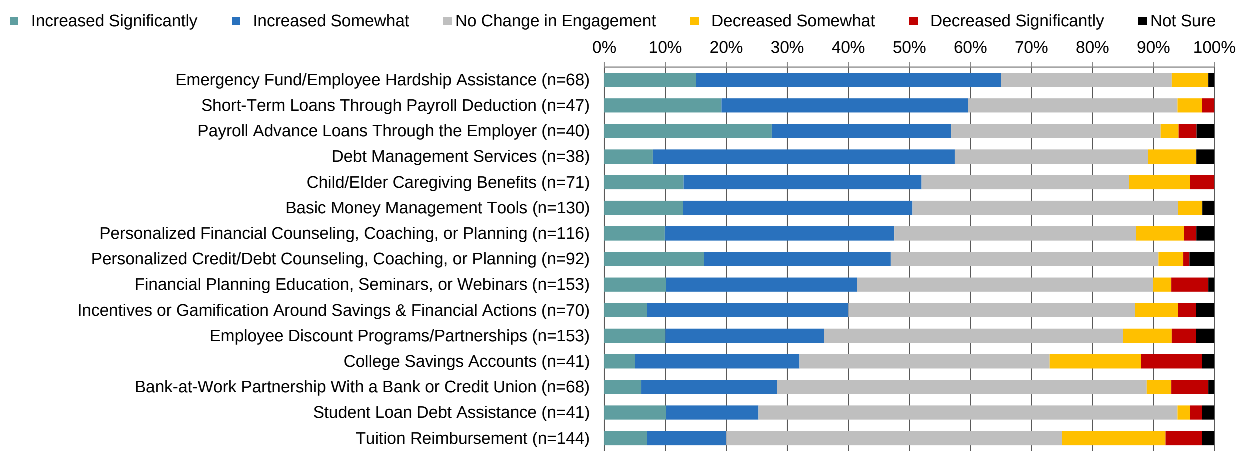
Figure 23
Change in Likelihood of Offering Benefits Due to the COVID-19 Crisis
Among Those Not Offering or Planning to Offer Each Benefit



Q22. How has the COVID-19 crisis changed the likelihood of offering any of the following benefits to employees?

Increased Employee Engagement — Likewise, employee engagement in specific financial wellness benefits already being offered increased most among those offerings that catered to more immediate overall financial help — emergency fund/employee hardship assistance (65 percent of the employers offering this benefit had engagement increase significantly or somewhat), short-term loans through payroll deduction (59 percent), payroll advance loans through the employer (58 percent), and debt management services (58 percent) (Figure 24). Similar to the benefits least likely to be offered, student loan debt assistance (25 percent) and tuition reimbursement (20 percent) were the least likely to have increased engagement since COVID-19. Tuition reimbursement and college savings account programs were the most likely to see decreased engagement.

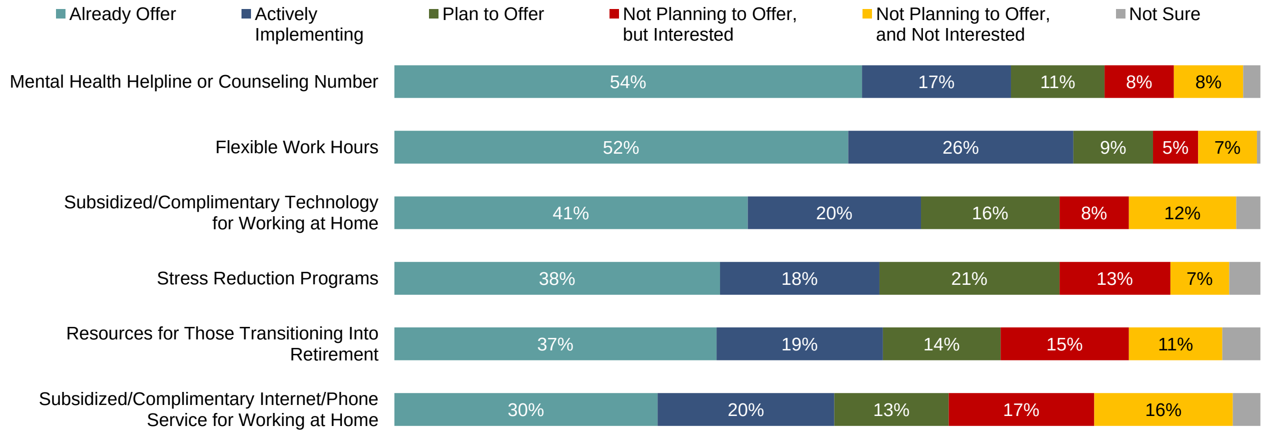
Figure 24
Employee Engagement with Benefits Since COVID-19
Among Those Offering Each Benefit



Q39. How has employee engagement with the following benefits changes since the COVID-19 crisis began?

The survey also asked about specific benefits being offered due to the COVID-19 crisis. The benefits most like to be offered were a mental health helpline or counseling number (54 percent) and flexible work hours (52 percent) (Figure 25). Flexible work hours was also the benefit most likely for employers to be actively implementing. Employers were least likely to be offering subsidized/complimentary internet/phone service for working at home (30 percent). However, it was one of the more likely ones to be actively implemented.

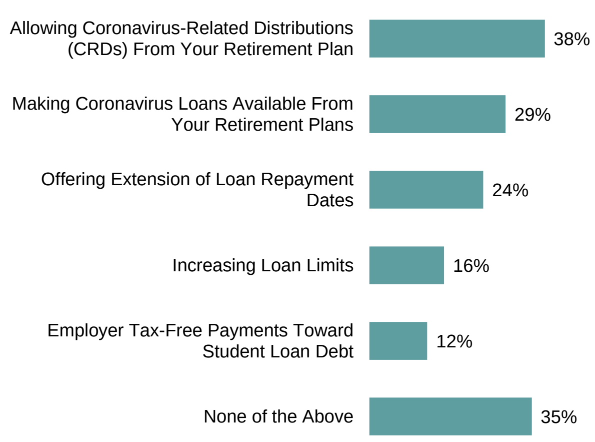
Figure 25
Benefits Offered in Response to COVID-19



Q41. Is your company offering or considering any of the following benefits in response to the COVID-19 crisis? (n=250)

CARES Act — Nearly two-thirds (65 percent) of the employers implemented some provision of the CARES Act (Figure 26). The most likely provision said to be implemented was allowing coronavirus-related distributions (CRDs) from their retirement plan (38 percent). The other two most likely to be implemented were making coronavirus loans available from the retirement plan (29 percent) and offering extensions of loan repayment dates (24 percent). Offering employer tax-free payments toward student loan debt lagged behind, with only 12 percent of the employers implementing the benefit. Firms that expressed a high level of concern about their employees' financial wellbeing were much more likely to have implemented provisions of the CARES Act (76 percent, vs. 55 of those that expressed a low level of concern). Likewise, firms that had taken steps to understand their employees' financial wellness needs since the COVID-19 crisis began were more likely to have implemented at least one component of the CARES Act than those that had not (77 percent and 41 percent, respectively).

Figure 26
CARES Act Implementation

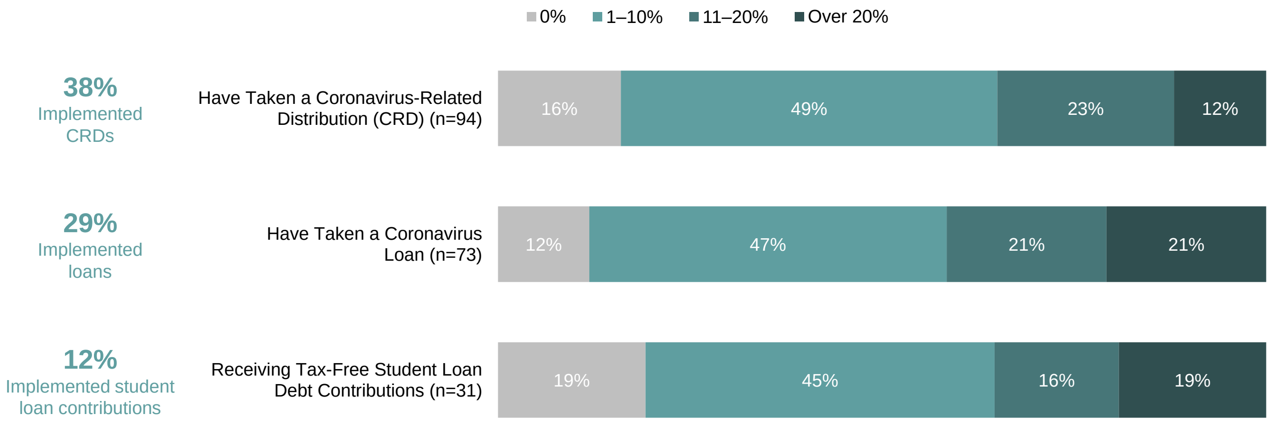


- Firms with a high level of concern around their employees' financial wellness were more likely to have implemented CRDs and extension of loan repayment dates.
  - 45% of those with low concern have not implemented any component of the CARES Act (vs. 24% of those with high concern).
- Firms that have taken any step to understand their employees' financial wellness needs since the COVID-19 crisis began were more likely to have implemented at least one component of the CARES Act (77% vs. 41%).

Q44. Which of the following components of the CARES Act has your organization implemented? Please select all that apply. (n=250)

Utilization of available CARES Act provisions has tended to be low, with some exceptions. More than half of employers offering CRDs, loans, or tax-free student loan debt contributions reported that 10 percent or less of their employees had utilized the provisions (Figure 27). At the same time, 21 percent of the companies offering coronavirus loans had more than a fifth of their employees utilize them, and 19 percent offering student loan contributions had more than a fifth utilize them. Thus, despite many companies having very low take-up rates, some companies saw significant take-up of the provisions.

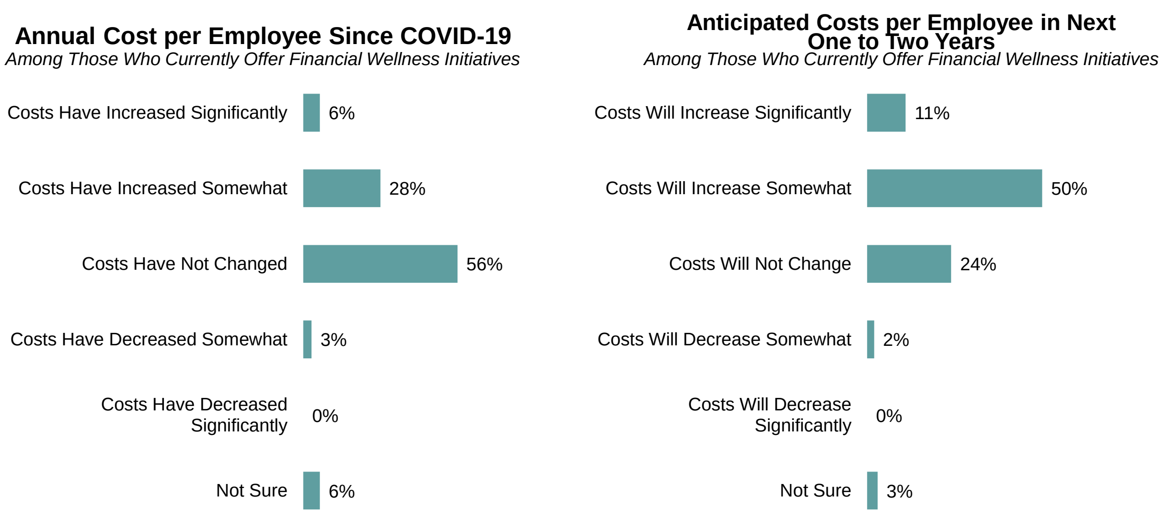
Figure 27
Take-Up of CARES Act Components Offered in Response to COVID-19



Q45. What percent of your employees are taking advantage of the following provisions of the CARES Act?

Costs — Close to all of the companies offering financial wellbeing programs reported that the costs of the programs either stayed the same or increased since the COVID-19 crisis (Figure 28). Specifically, 56 percent reported no change, 28 percent said costs had increased somewhat, and 6 percent said they increased significantly. When asked about the costs they anticipated in the next one to two years, 50 percent expected costs to increase somewhat, and 11 percent expected them to increase significantly. Almost one-quarter (24 percent) anticipated costs to stay the same, while only 2 percent expected them decrease — and only somewhat.

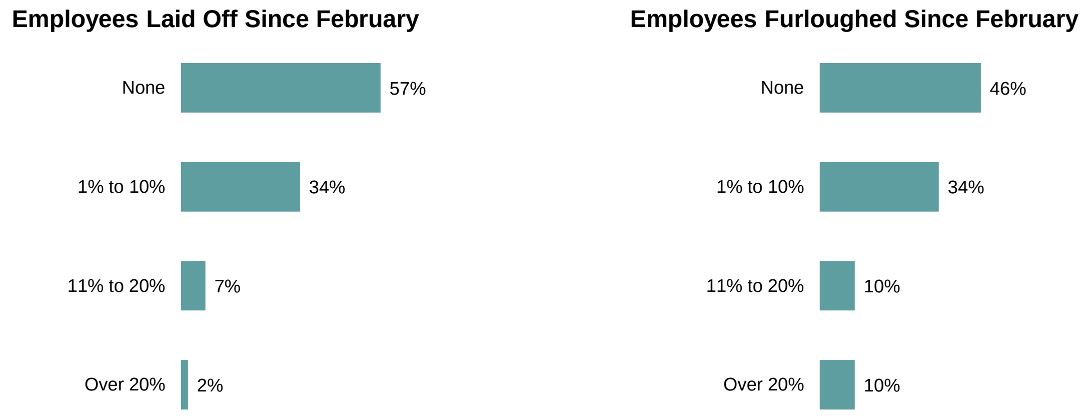
Figure 28
Cost of Initiatives



Q34. How has the annual cost per employee for financial wellness changed since the COVID-19 crisis began? (Currently offer financial wellness initiatives; n=131)
Q35. How do you anticipate the annual cost per employee for financial wellness to change in the next one to two years? (Currently offer financial wellness initiatives; n=131)

Furloughed/Laid-Off Workers — Many (60 percent) of these employers had layoffs or furloughs since February (Figure 29). However, in most cases, the percentage of work force reductions were small, as 34 percent of employers cited that laid-off or furloughed workers since February totaled 1 to 10 percent. In other words, 79 percent of the companies that laid off workers laid off 1 to 10 percent, and 63 percent of the companies that furloughed workers furloughed 1 to 10 percent.[3]

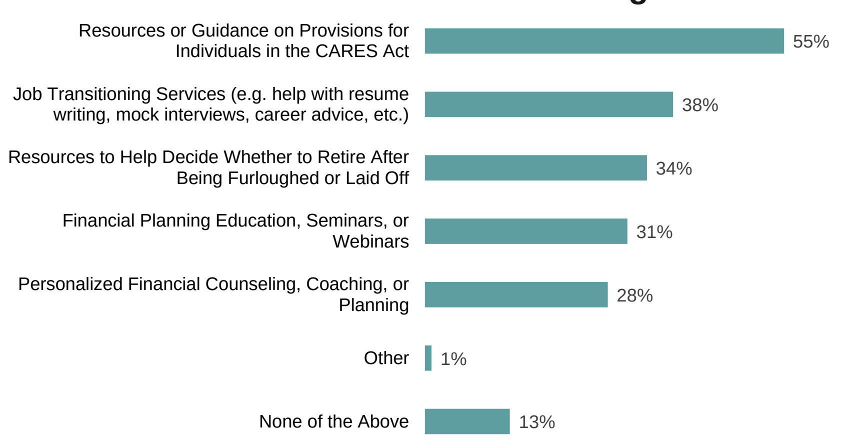
Figure 29
Laid-Off and Furloughed Employees



Q42. Since February 1, 2020, what percent of your employees has your company furloughed or laid off? (n=250)

Of the companies that laid off or furloughed workers, 87 percent provided some type of resources or benefits to the employees laid off or furloughed (Figure 30). The most prevalent help offered was resources or guidance on provisions for individuals in the CARES Act (55 percent). Larger companies were more likely to offer job transition services (70 percent vs. 33 percent of smaller companies). Firms with high concern around their employees' financial wellness were more likely to offer job transition services, resources to help decide whether to retire, and personalized counseling. And, firms that have created a financial score or conducted a needs assessment were more likely to offer at least one of these resources to their furloughed or laid-off employees.

Figure 30
Resources Offered to Furloughed or Laid-Off Employees



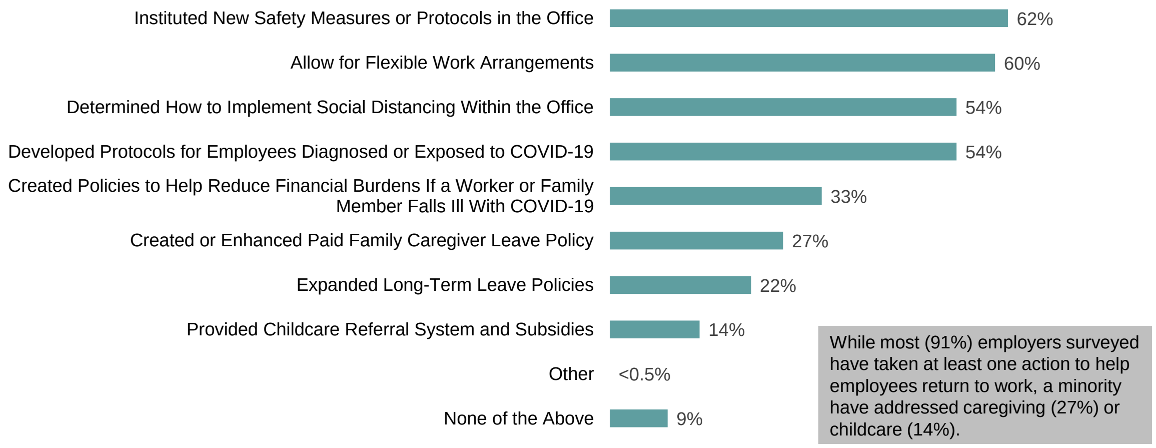
- Firms with 10,000+ employees were more likely to offer job transition services (70% vs. 33% of firms with 500–9,999 employees).
- Firms with high concern around their employees' financial wellness were more likely to offer job transition services, resources to help decide whether to retire, and personalized counseling.
- Firms that have created a financial score or conducted a needs assessment were more likely to offer at least one of these resources to their furloughed or laid-off employees.

Q43. Have you offered any of the following benefits or resources to furloughed or laid-off employees? Please select all that apply. (Furloughed or laid off any employees; n=151)

A few more important results emerged for companies who furloughed employees. First, they were more likely to offer short-term loans through payroll deduction and had more employees take loans through the CARES Act provisions. Second, interestingly, they were more likely to offer financial management counseling and debt management services but were also more likely to say they would develop financial wellness scores and analyze employee data. In short, these employers were looking to help their employees through the current tough time but were also focused on making sure they are getting value from the benefits they offer.

Actions Taken to Help Employees Return to Work — Most (91 percent) of the companies have taken at least one action to help workers to return to work (Figure 31). The actions most likely taken were instituting new safety measures and protocols in the office (62 percent) and allowing for flexible work arrangements (60 percent). A much smaller share of the companies had created or enhanced paid family caregiver leave policies (27 percent) or provided childcare referral systems and subsidies (14 percent). This lack of help for childcare could have a significant impact on women who typically bear the brunt of child rearing with schools still being all or partially remote learning.

Figure 31
Actions Taken to Help Employees Return to Work



Q46. Which of the following have you done to help employees return to work? Please select all that apply. (n=250)

Conclusion

Financial wellness programs appear to be maturing, according to the results of the 2020 Employer Financial Wellbeing Survey, with a significantly larger percentage of companies adopting holistic programs than they did in 2019. Furthermore, 90 percent of the companies reported that they either had developed or are developing a strategy for improving their employees' financial wellbeing. Consequently, there were fewer ad hoc programs being offered and more holistic programs.

Companies are also looking to show the impact of financial wellbeing programs on the bottom line with increased productivity, as opposed to just being focused on the attraction and retention of employees. The programs have also evolved from a focus on retirement preparedness to a more complete picture across all aspects of an individual's finances. With the hope of reducing employees' financial stress and increasing productivity, companies are looking for a financial wellbeing score or metric to "prove" the impact of financial wellbeing programs. Financial wellness providers/vendors that can make this case will be the ones more successful at attracting clients. However, there are no clear measures that have been developed to measure productivity increases from financial wellbeing programs and other bottom-line issues. This will be an area of focus and research within the financial wellbeing arena.

COVID-19 has had an indelible impact on financial wellbeing programs in terms of what is being offered and associated costs. Emergency funds/employee hardship assistance have emerged as key benefits during the pandemic, as more employers were looking to add these types of programs, and employees were becoming more engaged in these programs. Other programs that had previously seen some momentum now have been placed on the back burner, such as student loan debt assistance. Along with emergency funds, overall financial planning/coaching on all aspects of finances was overtaking the prevalence of more single-issue-focused offerings such as student loan debt assistance.

The costs of financial wellness programs increased in 2020 at a time when companies were faced with a challenging economy. How these benefits will be provided, or if they will be retained, is a crucial question going into 2021. As these programs grow in value to employees, it may be difficult to curtail the ones that are already established. The maturation of the industry could also lead to a greater sense that financial wellness benefits are simply another cost of doing business, especially if adopted metrics demonstrate their value to employers.

Appendix

Appendix Figure 1
Demographics

Firm Size	
500 to 749 employees	15%
750 to 999 employees	14
1,000 to 2,499 employees	26
2,500 to 4,999 employees	14
5,000 to 9,999 employees	14
10,000 to 24,999 employees	5
25,000 or more employees	12

Average Employee Tenure	
2 years or less	7%
3 to 5 years	20
6 to 9 years	19
10 to 14 years	20
15 to 19 years	13
20 years or more	10
Not sure	11

Industry	
Finance and insurance	23%
Manufacturing	14
Health care and social assistance	13
Professional, scientific, and technical services	12
Educational services	6
Government: State or local	5
Retail trade	4
Transportation and warehousing	4
Information	3
Wholesale trade	2
Arts, entertainment, and recreation	2
Government: Federal	2
Utilities	1
Hospitality	1
Nonprofit/charitable	1
Construction	1
Real estate and rental and leasing	1
Management of companies and enterprises	1
Food services and drinking places	1
Other services, except government	1
Agriculture, forestry, fishing, hunting, mining	*
Other	4

*=<0.5%
n=250

Appendix Figure 2
Demographics

Job Title	
Human Resources Manager	22%
Senior Executive (CEO, President)	16
Financial Manager	12
Administration Executive	10
Compensation & Benefits Manager	9
Financial Officer	7
Compensation & Benefits Officer	5
Human Resources Officer	5
Other	14

Decision-Making for Employee Benefits Programs	
I am a final decision-maker or I make formal recommendations to senior management	50%
I have a lot of influence	37
I have a moderate amount of influence	13

Decision-Making for Financial Wellness Offerings	
I am a final decision-maker or I make formal recommendations to senior management	48%
I have a lot of influence	37
I have a moderate amount of influence	14

n=250

Endnotes

[1] The survey asked about 14 different financial wellbeing benefits that could be offered. If 6–14 were offered, the companies were labeled as having a high number of benefits offered, 3–5 a medium number, and 0–2 a low number.

[2] Employer and employee costs were not specifically listed as a possible challenge in the 2019 survey.

[3] This is the conditional probability calculated from Figure 29. For example, for the companies that laid off workers, 34 percent laid off 1–10 percent of their work force, 7 percent 11–20 percent, and 2 percent over 20 percent. Therefore, the percentage of companies with layoffs only reducing their work force by 1–10 percent is equal to 34%/(34%+7%+2%)= 79 percent.

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